

United States
Department of
Agriculture



Federal Crop
Insurance
Corporation



Product
Development
Division

FCIC-25670 (2-2000)
FCIC-25670 (11-2000)
FCIC-25670-2 (05-2001)
FCIC-25670-3 (06-2001)

CHERRY (PILOT) LOSS ADJUSTMENT STANDARDS HANDBOOK

2001 and Succeeding Crop Years

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

| | | |
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| FEDERAL CROP INSURANCE HANDBOOK | | NUMBER: 25670 (02-2000) 25670-1 (11-2000) 25670-2 (05-2001) 25670-3 (06-2001) |
| SUBJECT: CHERRY LOSS ADJUSTMENT STANDARDS HANDBOOK 2001 AND SUCCEEDING CROP YEARS | DATE: June 29, 2001 | |
| | OPI: Product Development Division | |
| | APPROVED: /s/ Tim B. Witt Deputy Administrator, Research and Development | |

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2001 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR THE 2001 AND SUCCEEDING CROP YEARS, ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

SUMMARY OF CHANGES/CONTROL CHART

Major changes. See changes or additions in text which have been **redlined**. Three stars (***) identify information that has been removed.

Changes for June 2001 Issuance (FCIC-25670-3):

- A. These handbook changes track with the current Cherry Pilot Crop Provisions (2001-057).
- B. In section 8, Summary of Harvested Production Worksheet Completion Procedure, subsection B, item 17 - "Adjusted Total Value," deleted erroneous U-pick production text.
- C. In section 9, Claim Form Entries and Completion Procedure, the example Production Worksheet, section II, items B-D, removed reference to "Unsold" production.

CHERRY LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (Continued)

| Control Chart For: Cherry Loss Adjustment Standards Handbook | | | | | | |
|--|---------------|---------------|---|-----------------------|--|--|
| | SC Page(s) | TC Page(s) | Text Page(s) | Reference Material | Date | Directive Number |
| Remove | 1-2 | | 19-20 35-36 | | 05-2001 05-2001 | FCIC-25670-2 FCIC-25670-2 |
| Insert | 1-2 | | 19-20 35-36 | | 06-2001 06-2001 | FCIC-25670-3 FCIC-25670-3 |
| Current Index | 1-2 | 1-2 | 1-18 19-20 21-22 23-30 31-34 35-36 | 37-40 | 06-2001 05-2001 06-2000 05-2001 02-2000 05-2001 06-2001 02-2000 | FCIC-25670-3 FCIC-25670-2 FCIC-25670-3 FCIC-25670-2 FCIC-25670 FCIC-25670-2 FCIC-25670-3 FCIC-25670 |

16. **Allowable Cost:** Sold or U-pick Production: Item 13 times item 15, in dollars and cents.
17. **Adjusted Total Value:** Sold or U-pick Production: Item 12 minus item 16, in dollars and cents. Harvested Unsold Production: make no entry if there is a minimum value option in effect for the crop year. Otherwise, refer to section 8 C herein, and the LAM for information on delayed claims procedure.

NOTE: Enter "0" for any entries less than zero.

- Totals:** Sold or U-pick Production: Separately total columns 13, 14, and 17 for this page. Unsold
*** Production: sum all page item 18 entries for column 13, in whole pounds.

NOTE: Document any differences between column 13 and column 14 in the Remarks section (i.e., delivered cherries were not sold and were discarded by the processor).

PART II - WEIGHTED VALUE BY TYPE

NOTE: Complete Part II only on the last page of the Summary of Harvested Production form for the cherry type (e.g., fresh or processing). This data must be transferred to Section II of the Production Worksheet. MAKE NO ENTRIES IN THIS SECTION FOR UNSOLD PRODUCTION.

19. **Adjusted Total Value:** Sum of all page item 18 totals for column 17 entries, in dollars and cents.

NOTE: When there are two or more worksheet pages, total all item 19 entries on the last worksheet page.

20. **Total Pounds Sold:** Sum of all page item 18 totals for column 14 entries, in whole pounds.

NOTE: When there are two or more worksheet pages, total all item 20 entries on the last worksheet page. Transfer this entry to section II, item "G - Production," on the T-P-C Production Worksheet.

21. **Adjusted Average Value Per Pound:** Item 19 divided by item 20, recorded to three decimal places (three decimal places are required to minimize rounding errors).

NOTE: When there are two or more worksheet pages, calculate item 21 entry using the totals from items 19 and 20 on the last worksheet page. Transfer this entry to section II, item "H₂- Local Market Price," on the T-P-C Production Worksheet.

22. **Remarks:** Enter any pertinent information such as where unsold production has been stored and how it was valued, factors used to convert reported containers to pounds of cherries (e.g., 1 box = 18.0 pounds, etc.) on each page for which it is applicable.

23. **Adjuster's Signature, Code #, and Date:** Signature of adjuster, code number, and date signed after the insured (or insured's authorized representative) has signed. If the appraisal is performed prior to signature date, document the date of appraisal in the Remarks/Narrative section of the Appraisal Worksheet (if available); otherwise, document the appraisal date in the Narrative of the T-P-C Production Worksheet.
24. **Insured's Signature and Date:** Insured's (or insured's authorized representative's) signature and date on each page. Before obtaining insured's signature, REVIEW ALL ENTRIES WITH THE INSURED, particularly explaining codes, etc., which may not be readily understood.
25. **Page:** Page number of the Summary of Harvested Production pages APPLICABLE TO THE CHERRY TYPE, e.g., Page 1 of 2 Pages, Page 2 of 2 Pages, etc.

**G(FOR ILLUSTRATION PURPOSES ONLY)
T-P-C PRODUCTION WORKSHEET**

| | | | | | | | | | | | | | | | | |
|-----------------------------------|-------------------|---|------------------------------------|--|--|--|--|--|------------------------------------|------------------|--------------------|--|--|--|--|--|
| 1. Crop/Code# Cherries 0057 | 2. Units 00100 | 3. Legal Description SEC-1 TWP-96N RNG-30W | 7. Company ABC Agency XYZ | | | | | | 8. Name of Insured I.M. Insured | | | | | | | |
| 4. Date of Damage MAR 15 | MAY 10 | | 9. Claim # XXXX | | | | | | 11. Crop Year YYYY | | | | | | | |
| 5. Cause of Damage RAIN | RAIN | | 10. Policy # XXXXXXXX | | | | | | | | | | | | | |
| 6. Primary Cause % 100% | | | 14. Date(s) Notice of Loss | | | | | | 1st MMDD/YYYY | 2nd MMDD/YYYY | Final MMDD/YYYY | | | | | |
| 12. Additional Units 00200 | | | 15. Companion Policy(ies) | | | | | | | | | | | | | |
| 13. Est. Prod. Per Acre 10000 | | | | | | | | | | | | | | | | |

SECTION I - ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS

| Actuarial | | | | | | | | | Potential Yield | | | | | | | Stage Guarantee | |
|-----------|--------------|-------------|-------------------|------|----------|--------------------|-------|-----------------------|---------------------|----------------|--------------------|----------------------|-------------------|-----------------|--------------------------------------|-----------------------|---------------|
| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R |
| Field ID | Prelim Acres | Final Acres | Interest or Share | Risk | Practice | Type Class Variety | Stage | Intended or Final Use | Appraised Potential | Quality Factor | Adjusted Potential | (+) Uninsured Causes | Potential Counted | Value Per Pound | Total Potential to Count (C x N x O) | Per Acre | Total (C x Q) |
| A | | 20.0 | 1.000 | D01 | 002 | 111 | UH | UH | 970 | | | | 970 | | 19400 | 2000 | 40000 |
| mm/dd B | | 20.0 | 1.000 | D01 | 002 | 111 | UH | UH | 140 | | 4 | | 136 | | 2720 | 2000 | 40000 |
| mm/dd C | | 1.0 | 1.000 | D01 | 002 | 111 | H | H | | | | | | | | 2000 | 2000 |
| D | | 39.0 | 1.000 | D01 | 002 | 111 | H | H | | | | | | | | 2000 | 80000 |
| 16. TOTAL | | 80.0 | | | | | | | | | | | | | 22120 | 17. TOTALS 162,000 | |

NARRATIVE (If more space is needed, attach a Special Report) Field A appraised acreage destroyed MM/DD/YYYY. Per certification, no harvesting cost allowed. Field B (L) 500 lbs. picked for appraisal x \$0.16 (allowable cost)/20 ac. Allowable cost \$4/ac. Item J, Fields A and B prod. From appraisal worksheet. Acreage verified, permanent fields.

SECTION II - HARVESTED PRODUCTION

| 18. DATE HARVEST/SALE COMPLETED MM/DD/YYYY | | | | 19. IS DAMAGE SIMILAR TO OTHER FARMS IN THE AREA? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | 20. ASSIGNMENT OF INDEMNITY? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | 21. TRANSFER OF RIGHT TO INDEMNITY? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | | |
|---|-----------|---------|------------|--|---|--|------------|---|----|-------------------------|--------------------------------|--|--------------------------|-------------------------|---------------------------|---------|
| Stalk Inspection | | | | | | Adjustments to Harvested Production | | | | | | | | | | |
| A1 | A2 | B | C | D | E | F | G | H1 | H2 | I | J | K | L | M | N | |
| Share Field ID | Row Width | Tractor | Est. Yield | Leaf Quality G F P | | Quota (Q), Non-Quota (NQ), or Bale No. | Production | Value Per Pound Local Mkt. Price | | Quality Factor (H1, H2) | Production Not to Count (lbs.) | Production to Count (lbs.) | Value of Production (\$) | Value Not to Count (\$) | Production/Value to Count | |
| Disposition - Sold and U-pick | | | | | | | 312,867 | .33 .356 | | | | 312,867 | 111,381 | | 111,381 | |
| I certify that the information provided above, to the best of my knowledge, to be true and complete and that it will be used to determine my loss, if any, to my insured crop. I understand that this Production Worksheet and supporting papers are subject to audit and approval by the company. I understand that this crop insurance is subsidized and reinsured by the Federal Crop Insurance Corporation, an agency of the United States. I understand that any false or inaccurate information may result in the sanctions outlined in the sanctions outlined in this policy and administrative sanctions under 18 U.S.C. §§ 1006 and 1014, 7 U.S.C. § 1506, 31 U.S.C. §§ 729 and 3730 and other federal statutes. | | | | | | | | | | | | | | 22. SECTION II TOTAL | | 111,381 |
| | | | | | | | | | | | | | | 23. SECTION I TOTAL | | 22,120 |
| | | | | | | | | | | | | | | 24. UNIT TOTAL | | 133,501 |

| | | | | |
|--|-----------------|--------------------|--|--------------------|
| 25. Adjuster's Signature (1st Inspection) I.M. Adjuster | Code # XXXXX | Date MM/DD/YYYY | 26. Insured's Signature (1st Inspection) I.M. Insured | Date MM/DD/YYYY |
| (2nd Inspection) | Code # | Date | (2nd Inspection) | Date |
| (Final Inspection) | Code # | Date | (Final Inspection) | Date |

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10. REFERENCE MATERIAL

TABLE A – MINIMUM REPRESENTATIVE SAMPLE REQUIREMENTS

| Number of Acres | Select* |
|--------------------|---|
| 10.0 acres or less | The lesser of 10 trees or 5% of the number of trees in the orchard (rounded to the nearest whole tree). |
| 10.1 to 100.0 | 10 trees plus 3 trees per additional 10.0 acres. |
| 100.1 or more | 37 trees plus 5 trees per additional 100.0 acres. |

***Supplemental Sample Size and Appraisal Information**

A. Use of less than the “Minimum recommended Sample Requirements” is authorized on a unit basis in the situation outlined below if the trees selected for sampling are representative of the orchard or suborchard (refer to section 4 B).

- (1) The appraised production from at least 60 percent of the sample trees is within 10 percent of the average appraisal for the sample trees. Sampling of the remaining 40 percent is optional.

EXAMPLE: Ten trees are to be sampled. The first 6 tree appraisals are within 10 percent of the average appraisal, as follows:

| Sample Number | Appraisal in Lbs. | Average Appraisal in Lbs. | Percent of Average Appraisal |
|---------------|-------------------------------------|---------------------------|------------------------------|
| 1 | 45 | 50 | 0.90 |
| 2 | 51 | 50 | 1.02 |
| 3 | 52 | 50 | 1.04 |
| 4 | 47 | 50 | 0.94 |
| 5 | 50 | 50 | 1.00 |
| 6 | 55 | 50 | 1.10 |
| Total | 300 ÷ 6 = 50 lbs. Average Appraisal | | |

NOTE: If the quality adjustment for these samples is comparable, sampling of the remaining 4 trees is optional.

2. **The appraised production from at least 60 percent of the sample trees indicates that the appraised production value per acre will exceed the guarantee per acre. Sampling of the remaining 40 percent is optional.**

EXAMPLE: A 10.0 acre orchard with 109 trees per acre with a \$2000 guarantee/acre and a minimum value of \$0.36/lb. Ten trees are to be sampled. The first 6 trees appraised average 75 pounds of fruit per tree. So, 75 lbs. X 109 trees/acre x \$0.36/lb. Minimum value = \$2943/acre production to count which exceeds the \$2000 guarantee/acre. Considering the quality adjustment, sampling of the 4 remaining trees is optional.

NOTE: Follow the procedure in the LAM for “No Indemnity Due Claims” or complete and sign a “Withdrawal of Claim” form, as applicable.